

## Patagonia Gold PLC : Drilling Report

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PATAGONIA GOLD PLC ('PGD')

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### DRILLING AND EXPLORATION UPDATE

#### HIGHLIGHT

- Cerro Crespo-Argentina. Drilling on the Cabana prospect has established a 200 metres long, high-grade gold zone, with grades and widths increasing with depth.

#### CERRO CRESPO-ARGENTINA.

Initial drilling on the Cabana prospect at the recently discovered Cerro Crespo epithermal vein occurrence, has returned significant gold intersections. A 200-metre long high-grade zone has been recognised in the southeast of the Cabana prospect and drilling indicates that overall grades as well as widths are increasing with depth.

#### Significant Drill hole Intersections

Drill Hole	Cabana Zone		Gold g/t (ppm)	Silver g/t (ppm)
	From Metres	Intersection Metres		
CR-01	6	7	5.99	7.3
CR-02	9	8	8.68	4.8
Incl.		2	27.40	11.6
CR-03	6	5	4.20	7.9
CR-31	27	4	8.57	2.9
CR-33	28	7	8.24	2.9
Incl.		1	41.40	12.4
CR-35	17	4	8.70	3.7

Sawn channel sampling on the veins exposed by trenching confirmed the high-grade zone at surface, returning intersections of:

3.5 metres grading 12.50g/t gold and 9.5g/t silver  
10.3 metres grading 9.02g/t gold and 4.5g/t silver

To date, 62 reverse circulation (RC) holes, for a total of 2951 metres, have been drilled along the main outcropping structures to test for grade and continuity. Diamond core HQ drilling will commence shortly to test for further depth potential.

The signing of an access agreement has permitted the commencement of trenching, mapping and sawn channel sampling on the Jasper prospect in preparation for drilling in April.

Recent petrological studies, by the company's consultant, Terry Leach, report that the Jasper prospect exhibits high potential for precious metal mineralisation and may represent an outflow zone of an epithermal system, possibly located on the Cerro Crespo property. The studies show the Cabana prospect to be considered a separate epithermal event.

Patagonia Gold's Crespo claim blocks cover an area of approximately 250 square kilometres. A property wide drainage-sampling programme is presently underway with results to date indicating new zones in the northwest of the property.

#### COYHAIQUE-CHILE.

The Phase 1 drilling campaign at Coyhaique concluded on the 20th March, with 5299 meters of RC drilling being completed for a total of 81 holes. The majority of these holes were drilled along extensive sections of the two most prominent veins, Adriana and Violeta, at 40 metre spacing close to the outcrop, with 25 metre step-back holes at 80 metre spacing. Other areas drilled with exploratory holes were Valenzuela, The Ridge and Pollux Norte.

Sector	Holes	Meters	Samples
Adriana	31	2066	1052
Violeta	24	1000	448
The Ridge	15	1157	403
Valenzuela	9	886	323
Pollux Norte	2	190	21
TOTAL	81	5299	2247

Systematic trenching and sawn channel sampling has also been undertaken on the above zones.

Significant Drill hole Intersections for the latter part of the campaign:

Drill Hole	From Metres	Valenzuela Vein Intersection		Gold g/t (ppm)	Silver g/t (ppm)
		Metres			
RC-89	112	1		12.50	20.5
Violeta - Vein					
RC-103	9	9		3.90	29.1
RC-105	7	5		2.63	20.1
RC-106	12	4		2.97	16.6
RC-110	23	5		2.36	34.8
RC-112	15	3		3.87	17.0
Adriana - Vein					
RC-122	125	3		8.05	35.6

The close pattern drilling and sawn channel sampling on the Adriana and Violeta veins show that the tenor and widths of the structures are generally diminishing with depth.

However interpretation of results available indicates the presence of a high-grade shoot in Adriana and another lesser one in Violeta that are not closed off at depth and will require further drilling to establish their extent.

Prior to the commencement of further drilling, scheduled for later this year, a full review of data generated from the phase 1 campaign will be completed. Drill targeting will also be dependant on the results from the sawn channel sampling programme, currently being carried out on 3 additional zones Lilly, Mirador and Susana.

Detailed geological mapping is continuing on several other areas in order to develop models of the controls on mineralisation and to generate drill targets.

#### REGIONAL EXPLORATION.

Field exploration, is currently being carried out in the following areas.

Cerro Aguja Prospect (property No 30), located in Chile some 150 km. south of Esquel, falls into the category of a High Sulphidation Epithermal Gold system, such as Barrick Gold's Veladero deposit in Argentina. These systems typically form large low-grade gold deposits.

The geology at Cerro Aguja comprises a central diatreme breccia, 1000m long x 250m wide developed at the intersection of northwest and northeast regional faults. Access to the central pinnacle has not been possible to date due to its steepness. However the best grades (up to 1.90 g/t gold) to date have come from samples collected adjacent to the pinnacle.

Gastre Block, covering 550 square kilometres of ground on a proven mineralised belt, is located in north-central Chubut. The property lies between IMA's silver rich massive sulphide 'Navidad' project in the southeast and Aquiline's epithermal gold-silver 'Calcatreu' project in the northwest. Numerous alteration centres have been defined with sampling to date returning values up to 2.1 g/t Au. Quantec Geophysics has been engaged to conduct a 'Gradient Array Induced Polarization Survey' in the second half of April in order to define drill targets for massive sulphide or vein style mineralization.

Properties 20 and 24, field exploration indicates the presence of a buried epithermal vein system evidenced by

•Silica sinter terraces containing highly anomalous levels of mercury,

arsenic and antimony.

- An extensive area of argillic alteration.
- Anomalous gold returned from sampling of high-level veinlets.

Continuing work on this property is aimed at defining prospective structures in order to drill test the appropriate levels for the presence of fissure veins.

Property Acquisition. There are presently two further geological teams operating in Chile exploring highly prospective land for possible acquisition.

ENDS

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